

Road Usage Charge Fact Sheet: Oregon

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History

Oregon has been at the forefront of road user charge (RUC) developments in the United States since the turn of the 21st century. In 2001, the legislature enacted a law ([HB 3946](#)) to study alternative transportation funding sources other than fuel taxes. This statute created an advisory body, the [Road User Fee Task Force \(RUFTF\)](#), to lead the policy development of creating a new source of sustainable revenue to fund repair and maintenance of the roadways. The task force consists of members appointed by the governor, Senate president, House speaker and the chair of the Oregon Transportation Commission. The RUFTF oversaw the development of [two RUC pilot projects](#) conducted by the Oregon Department of Transportation (ODOT) in 2006 and 2012. In 2013, the legislature passed, and the governor signed, [SB 810](#), directing ODOT to establish the nation's first fully operational RUC program by 2015. The new RUC program, named [OReGO](#), went live in July 2015.

Federal Surface Transportation System Funding Alternatives Awards: As summarized in the table below, beginning in 2016 ODOT received three grant awards totaling \$9.4 million over three years under the [federal Surface Transportation System Funding Alternatives \(STSFA\) program](#). These grants expanded and refined ODOT's existing RUC program known as [OReGO](#) by providing resources to continue researching and refining technical aspects of the program. STSFA funds have also helped ODOT develop a public awareness strategy based on participant feedback, expand technology options to report data and explore account management challenges such as compliance in a voluntary system.

Federal Fiscal Year	Grant Amount	Description
2016	\$2,100,000	Enhance OReGO by focusing on four established objectives including technology options, public awareness, compliance mechanisms and exploring interoperability to expand RUC nationwide.
2017	\$2,315,000	Improve the scalability of OReGO and demonstrate its utility as a funding source for local jurisdictions, as well as flexible enough to accommodate varying tax rates and geographical boundaries.
2019	\$5,000,000	Explore RUC in a connected vehicle ecosystem (CVE) and seek to deploy functional implementation.

Federal Fiscal Year	Grant Amount	Description
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STSFA Awards

Additionally, ODOT received four grants totaling approximately \$5.3 million over four years to spearhead RUC West's regional effort to strengthen understanding of RUC and share best practices. RUC West consists of 17 Western state transportation organizations with an interest in studying RUC and sharing information. [RUC West](#) will be highlighted in a future fact sheet.

Legislative Activity

The Oregon Legislature significantly modified OReGO in 2019 ([HB 2881](#), enacted). Amendments to the program allowed ODOT to prepare for a future large-scale program by removing the limit on the number of vehicles allowed to participate in the program, increased the minimum fuel efficiency rating from 17 mpg to 20 mpg and replaced the static per-mile charge rate and indexed the rate to the fuel tax—with a formula equal to 5% of the state's per-gallon license tax. The RUC rate is currently 1.8 cents per mile, according to [ODOT](#). The law also ended the practice of refunds being issued to participants paying more in fuel taxes than what was owed in per-mile charges, allowing for a more sustainable program. Critically, owners of vehicles achieving 40 mpg or more and electric vehicles were exempted from paying supplemental registration fees if they choose to participate in OReGO. The goal of this policy change was to encourage more highly fuel-efficient vehicles to join the program. These annual supplemental fees, created in 2017 via [HB 2017](#), are \$33 for vehicles with fuel efficiency of more than 40 mpg and \$110 for electric vehicles. In 2022, these surcharges increase to \$35 and \$115, respectively.

In 2020, the RUFTF considered many policy changes to modify and expand the state's RUC operations. For example, one proposal would require all passenger vehicles beginning with model year 2027 and rated at least 30 mpg to pay for road usage on a per-mile basis. Another proposal would require ODOT to structure its RUC program to support future pricing mechanisms that collect charges based on time-of-day and distance traveled.

The RUFTF [presented a report](#) before the Joint Transportation Committee in December 2020. The report recommended legislation ([HB 2342](#), pending) that would mandate an RUC program beginning on July 1, 2026, for model year 2027 vehicles or newer that have a combined rating of 30 mpg or higher. The voluntary RUC program would be repealed by July 1, 2029. For the first three years of the mandatory RUC program, drivers could choose to opt-out by paying a \$400 fee. Further, supplemental registration fees would not apply to RUC participants. Finally, an equity report would be

due in 2022, a climate report in 2024 and a “medium-duty” report in 2026 to examine how 8,000 lbs. to 26,000 lbs. vehicles can be included in the RUC program. ODOT would also be required to submit biennial implementation reports to the RUFTF.

Project Details

OReGO reports approximately [700 current participants](#) as of Dec. 7, 2020. To enroll, a driver must first choose a [commercial account provider](#) or the state account manager to manages payments. Three firms—[Azuga](#), [Emovis](#) and [ODOT](#)—currently offer RUC mileage reporting and payment services.

>The overall goals of Oregon’s STSFA-funded work are to prepare for an expanded RUC program with a possible enrollment mandate for certain vehicles, as well as address the gap between fuel tax collections and transportation infrastructure needs.

ODOT’s RUC work consists of four main objectives:

- Evaluating compliance mechanisms.
- Exploring interoperability.
- Expanding the market via technology options, streamlining account management, developing new mileage reporting options and sharing data with other public entities.
- Increasing public awareness.

Evaluating Compliance Mechanisms

The first completed objective was to evaluate RUC compliance amongst users and prospective users, including studying and developing enforcement and interoperability options. For enforcement of payments within a RUC system, research was conducted on new technologies such as embedded vehicle telematics and cell phone imagery as potential replacements to self-installed devices in vehicles. This is intended to help ensure compliance in a future mandatory RUC program. ODOT notes a “system that relies exclusively on devices installed in vehicles will create challenges for a mandatory tax program.” Thus, commercial account managers were contracted to offer technology options such as a smartphone application to record mileage and to improve the accuracy of mileage reporting, or to confirm mileage reported by other means. Account managers were also contracted to help enroll participants, administer the program and reconcile payments on behalf of RUC participants.

Exploring Interoperability

The second objective was to explore interoperability with other states by holding a [Multi-State RUC Forum](#) in September 2017 and had both technical and business tracks. Issues on the technical track included technology options to report mileage, interoperability with other jurisdictions and connected and autonomous vehicles in

a RUC system. The business track discussed differences between rural and urban drivers, privacy, rate-setting and working with other states regarding managing public funds and vehicle transfers. Other efforts regarding interoperability are ongoing and will be detailed in the fact sheet on RUC West.

Expanding RUC Market via Technology Options

The third objective is continuing to explore expanded technology options and developing a system for manual RUC reporting. The technology currently used in a voluntary program cannot effectively deter payment evasion if participation becomes mandatory, according to [ODOT's 2017 report](#). Specific evasion issues include drivers removing devices from their vehicles or not paying altogether. Further, the report recommended using technology that cannot easily be removed or that deters tampering.

Delinquent or non-paying participants in a voluntary system are only removed from the program and their accounts do not accrue penalties and interest. ODOT recommended mileage reporting devices be coupled with a flat annual RUC amount. For example, when a RUC participant falls out of compliance or their vehicles are no longer compatible with the technology, they would be switched to a flat RUC amount instead of paying on a per-mile basis. This seeks to ensure effective compliance measures are in place before implementing a mandatory program. ODOT is also exploring RUC enrollment at the point of sale for new vehicles and expects to complete such a project by the end of 2023.

Increasing Public Awareness

Lastly, OReGO staff has conducted significant public outreach and will continue those efforts. ODOT has used a variety of venues and tools to gather feedback regarding public understanding and acceptance of transportation funding and RUC. Outreach activities involved public surveys, focus groups with RUC “dissenters,” a listening tour and surveying OReGO participants about their experience. Public surveys addressed awareness, acceptance and favorability towards RUC. Among survey respondents in general, “With just a little information and two-way conversation, people’s acceptance of road usage charging turned from negativity to acceptance.” Further, a [focus group](#) of residents found, “Most Oregonians do not understand how transportation infrastructure is currently funded.” Nearly half of residents also “thought there must be a better way to pay for roads,” and supported tolls or raising vehicle registration fees. The main concerns among the public were privacy-related, such as how data will be used, along with mileage reporting and uncertainty regarding implementation of a complex program.

OReGO participants reported (96%) they were “largely satisfied with their experience.” Moreover, OReGO participants supported RUC and thought it was fair, although they were concerned about rural drivers paying too much and out-of-state drivers not

paying enough. In fact, respondents in both the OReGO participant survey and statewide public perception survey agreed the two greatest drawbacks to RUC were “penalizing rural drivers who drive longer distances and tracking out-of-state drivers that use Oregon roads.” OReGO participants also noted concern about penalizing fuel-efficient vehicles, while the public perception survey indicated, “RUC was just another way to tax people more.” OReGO participants were also less concerned about privacy issues compared to public survey respondents who did not participate in OReGO. The outreach findings overall were used to help address communication challenges and enhance public awareness.

Other Activities

Additionally, ODOT partnered with the city of Portland and the Metro Regional Government on the design of [three pilots studying](#) the feasibility of adapting the state’s RUC system for localities. There are three [local RUC area pricing pilots](#), with up to [100 volunteers participating](#) in each six-month pilot. [Volunteers within the Portland metro area were recruited](#) for the local pilots between January and February 2021, and the pilots will continue through late summer 2021.

Each pilot will [explore a specific local area RUC](#), all within the Portland metro area. The first pilot will focus on static and variable rates within geographically bounded areas and a local RUC will be added to the statewide RUC based on the time-of-day. The second pilot will explore layered options, including central business districts, and will overlap two geofenced areas and test varying RUC rates based on time-of-day. The final of the three pilots will evaluate ways to incentivize travel on certain corridors during peak hours and charging drivers different rates based on both trip distance and time-of-day. These pilots will enhance the state’s understanding of technology under various per-mile scenarios and the results will help answer if a local RUC option is feasible as part of a future mandatory program.

Lastly, ODOT will also use STSFA funds to deploy RUC in a [CVE](#), which will support both RUC data collection and intelligent transportation system functions. This includes seeking to achieve functional implementation by validating data sharing between data collection, transaction processing and account management subsystems.